

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 976 - HB 1469

March 6, 2021

SUMMARY OF BILL: Requires out-of-state dealers and marketplace facilitators that exceed 200 separate transactions in this state during the previous 12-month period to collect and remit sales and use tax.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$2,378,800/FY21-22 and Subsequent Years

Increase Local Revenue - \$970,700/FY21-22 and Subsequent Years

Assumptions:

- According to the Department of Revenue, based on their internal and third-party data, additional taxable sales that would become subject to the state and local sales and use taxes as a result of this legislation are estimated to be \$35,257,866.
- The current state sales tax rate is 7.0 percent; the average local option sales tax rate is estimated to be 2.5 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- The recurring increase in state revenue, beginning in FY21-22, is estimated to be \$2,378,781 $[(\$35,257,866 \times 7\%) - (\$35,257,866 \times 7\% \times 3.617\%)]$.
- The recurring increase in local revenue, beginning in FY21-22, is estimated to be \$970,716 $[(\$35,257,866 \times 2.5\%) + (\$35,257,866 \times 7\% \times 3.617\%)]$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic".

Bojan Savic, Interim Executive Director

/aw